

# JUST THE **FACTS**

## Alaska Gas Transmission Company

### Project Overview

MidAmerican Energy Holdings Company and its subsidiary Alaska Gas Transmission Company applied to the State of Alaska Department of Revenue on Jan. 22, 2004, for approval under the Alaska Stranded Gas Development Act to facilitate the transportation of stranded Alaskan natural gas. On Jan. 28, 2004, the Alaska Commissioner of Revenue notified Alaska Gas and its sponsor group the application conformed to the requirements of the state's Stranded Gas Act and was accepted.

Applications approved under the Stranded Gas Act allow the state to negotiate with qualified sponsors on fiscal terms, such as taxes and royalty adjustments, and other pertinent terms with respect to development of a natural gas transportation project.



Alaska Gas is a subsidiary of MidAmerican Energy Holdings Company, a Berkshire Hathaway affiliate. Other members of the project's sponsor group include:

- Cook Inlet Region, Inc., an Alaska native corporation; and
- Pacific Star Energy, LLC, a consortium including Alaska native corporations.

### Project Description

Alaska Gas proposes to facilitate the development of stranded Alaskan natural gas with the construction of a 48-inch diameter high-pressure natural gas pipeline from the North Slope area near Prudhoe Bay to the Alaska-Yukon border near Beaver Creek. At the Alaska-Yukon border, the pipeline will interconnect with a new, companion pipeline in Canada. This line will be built either by TransCanada, through its Foothills Pipe Lines Ltd. subsidiary, or others. The new pipeline could be an extension of the existing Foothills prebuild pipeline or may be developed by other entities. In either event, the new Canadian facilities would connect Alaskan gas into multiple existing downstream pipeline systems for delivery into virtually every market center in Canada and the lower 48 United States.

Alaska Gas will be responsible for the Alaska segment of the project and is pursuing project development in anticipation of a Dec. 31, 2010, in-service date.

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## Key Facts

- Development of Alaska's enormous natural gas reserves has long been hampered by unfavorable economics related to the remote location of these resources relative to other supplies available to North American markets and the difficulties and costs of transporting and delivering Alaskan gas to those markets.
- Demand for natural gas in North America is growing steadily, spurred by continuing emphasis of natural gas as the fuel of choice for new electric generating facilities.
- Proven reserves of stranded gas on the North Slope exceed 35 trillion cubic feet.
- The proposed Alaskan pipeline will follow the 745-mile route approved by Congress in the Alaska Natural Gas Transportation Act of 1976.
- The project would have an initial design capacity of approximately 4.5 billion cubic feet per day of natural gas at the anticipated operating pressure of 2,500 psig.
- The current system design includes six compressor stations utilizing gas turbine compressors rated collectively at 265,000 ISO horsepower.
- The estimated direct cost of the pipeline is \$6.3 billion (2002 dollars).
- Alaska Gas and its sponsors share Alaska's objectives of ensuring the stranded gas resources be developed and delivered on a timely and economical basis and that the Alaskan people share equitably in the benefits of this long-sought development.
- The project is dependent upon regulatory approvals.

## Project Timeline

- Alaska Gas is diligently pursuing project development activities in order to meet a target in-service date of Dec. 31, 2010.

## About MidAmerican Energy Holdings Company

MidAmerican Energy Holdings Company, an affiliate of Berkshire Hathaway, is based in Des Moines, Iowa, and is a privately owned global provider of energy services. Through its energy-related business platforms – CalEnergy Generation, Kern River Gas Transmission Company, Northern Natural Gas Company, MidAmerican Energy Company and CE Electric UK – MidAmerican provides electric and natural gas service to 5 million customers worldwide.

MidAmerican's interstate pipeline subsidiaries, Kern River and Northern Natural, own and operate more than 18,000 miles of pipeline facilities, making MidAmerican the second-largest interstate natural gas transmission company in the United States.

The Kern River pipeline system brings natural gas into Utah, Nevada and California. Extending from the gas-producing fields in Wyoming to Bakersfield, Calif., Kern River delivers more than 1.7 billion cubic feet of natural gas per day to customers along its 1,679-mile pipeline system. In 2003, Kern River completed a \$1.2 billion expansion, more than doubling the capacity of its system by increasing throughput capacity by 906 million cubic feet per day.

Northern Natural Gas operates a network of interstate natural gas pipelines extending from the Permian Basin in Texas to the upper Midwest. The system includes 16,500 miles of pipeline; 4.3 billion cubic feet per day of market area peak capacity; and three natural gas storage facilities with a storage capacity of 59 billion cubic feet.

Information on MidAmerican is available on the Internet at [www.midamerican.com](http://www.midamerican.com).